
SECOND HARVEST FOOD BANK OF GREATER
NEW ORLEANS AND ACADIANA

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 22 2012**



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**SECOND HARVEST FOOD BANK OF GREATER
NEW ORLEANS AND ACADIANA**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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Report of Independent Auditors

Board of Directors, Catholic Charities Archdiocese of New Orleans, and
Board of Directors, Second Harvest Food Bank of Greater New Orleans and Acadiana

We have audited the accompanying statements of financial position of Second Harvest Food Bank of Greater New Orleans and Acadiana (Second Harvest), a non-profit organization, as of June 30, 2011 and 2010 and the related statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Second Harvest's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of Second Harvest's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Second Harvest's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Second Harvest at June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011 on our consideration of Second Harvest's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements of Second Harvest Food Bank of Greater New Orleans and Acadiana taken as a whole. The supplemental financial information contained on pages 23 through 28 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole. The supplemental information in the schedule of support, revenue, and expenses prepared for the United Way for the Greater New Orleans Area contained on page 29 is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements of Second Harvest. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion on it.

PostHumaan & Nettie

Metairie, Louisiana
December 5, 2011

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 2,842,415	\$ 4,573,795
Contributions receivable:		
Pledges	704,532	498,366
United Way	207,277	165,442
Grants receivable	202,005	450,748
Other receivables	41,170	56,165
Prepaid expenses	67,747	117,720
Investments	1,610,476	1,338,633
Inventory	<u>4,315,926</u>	<u>2,303,800</u>
Total current assets	9,991,548	9,504,669
 Pledges receivable, noncurrent	116,910	-
Property and equipment - net	10,363,768	8,050,576
Investments, permanently restricted	1,209,281	1,000,000
Other assets	<u>48,105</u>	<u>508,415</u>
 Total assets	<u>\$ 21,729,612</u>	<u>\$ 19,063,660</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 985,119	\$ 631,883
Unemployment accrual	10,612	20,496
Note payable, current	167,581	5,119,385
Other liabilities	<u>25,006</u>	<u>57,155</u>
 Total current liabilities	1,188,318	5,828,919
 Non-current liabilities		
Note payable, long-term	<u>4,883,684</u>	<u>-</u>
 Total liabilities	6,072,002	5,828,919
 Net assets:		
Unrestricted	13,511,008	9,410,927
Temporarily restricted	937,321	2,823,814
Permanently restricted	<u>1,209,281</u>	<u>1,000,000</u>
 Total net assets	<u>15,657,610</u>	<u>13,234,741</u>
 Total liabilities and net assets	<u>\$ 21,729,612</u>	<u>\$ 19,063,660</u>

See notes to consolidated financial statements.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues								
Public support:								
Contributions, donations and grants	\$ 4,536,129	\$ 398,035	\$ -	\$ 5,134,164	\$ 3,495,674	\$ 379,236	\$ -	\$ 3,874,910
Donations of food, grocery and other products from producers and brokers	33,404,837	-	-	33,404,837	19,033,266	-	-	19,033,266
Contributed goods and services	508,688	-	-	508,688	179,100	-	-	179,100
United Way								
Greater New Orleans:								
Allocations	-	98,603	-	98,603	-	77,000	-	77,000
Designations	53,751	-	-	53,751	62,712	-	-	62,712
Combined Federal Campaign	41,702	-	-	41,702	31,207	-	-	31,207
Acadiana:								
Allocations	32,357	-	-	32,357	30,000	-	-	30,000
St. Charles:								
Allocations	-	100,650	-	100,650	-	62,950	-	62,950
Special events (net of direct costs of \$365,573 in 2011 and \$264,090 in 2010)	183,326	-	-	183,326	28,565	-	-	28,565
Total public support	38,760,790	797,288	-	39,558,078	22,860,524	319,186	-	23,179,710
Governmental financial assistance:								
fees and grants from federal agencies	234,686	-	-	234,686	240,753	-	-	240,753
U.S.D.A. commodities	12,196,349	-	-	12,196,349	11,608,067	-	-	11,608,067
U.S.D.A. administration	678,001	-	-	678,001	947,529	-	-	947,529
Other non-federal grants	1,278,373	-	-	1,278,373	582,669	-	-	582,669
Total governmental financial assistance	14,387,409	-	-	14,387,409	13,379,018	-	-	13,379,018
Other Revenue:								
Program generated	179,310	-	-	179,310	38,829	-	-	38,829
Investment income	306,761	-	209,281	516,042	315,371	-	-	315,371
Rental income	394,950	-	-	394,950	240,832	-	-	240,832
Gain on exchange	-	-	-	-	530,071	-	-	530,071
Other	424,916	-	-	424,916	284,735	-	-	284,735
Net assets released from restrictions	2,683,281	(2,683,281)	-	-	930,934	(930,934)	-	-
Total other revenue	3,982,218	(2,683,281)	209,281	1,509,218	2,340,772	(930,934)	-	1,409,838
Total revenue	52,137,912	(1,886,493)	209,281	55,460,700	38,580,314	(611,748)	-	38,168,566
Expenses								
Program services	50,218,371	-	-	50,218,371	35,646,961	-	-	35,646,961
Management and general	1,171,562	-	-	1,171,562	767,474	-	-	767,474
Fundraising	1,642,903	-	-	1,642,903	893,043	-	-	893,043
Total expenses	53,032,836	-	-	53,032,836	37,307,478	-	-	37,307,478
Change in net assets	4,105,076	(1,886,493)	209,281	2,427,864	1,272,836	(411,748)	-	861,088
Net Assets								
Beginning of year	9,410,927	2,833,814	1,000,000	13,244,741	8,138,091	3,235,462	1,000,000	12,373,553
End of year	\$ 13,511,008	\$ 937,321	\$ 1,209,281	\$ 15,657,610	\$ 9,410,927	\$ 2,823,714	\$ 1,000,000	\$ 13,234,641

See notes to consolidated financial statements.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011				2010			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,876,762	\$ 601,103	\$ 500,323	\$ 2,978,188	\$ 1,817,732	\$ 366,089	\$ 281,817	\$ 2,465,638
Employee benefits	305,949	119,480	77,431	502,860	312,091	47,447	35,602	395,140
Payroll taxes	142,739	46,081	36,968	225,788	132,371	20,722	27,278	180,371
Total salaries and related expenses	2,325,450	766,664	614,722	3,706,836	2,162,194	434,258	344,697	2,941,149
Professional fees and contract services	124,242	160,895	184,983	470,120	150,505	149,989	26,347	326,841
Supplies	160,752	8,657	30,028	199,437	119,984	9,611	24,367	153,962
Consultant fees	-	-	-	-	-	12,550	-	12,550
Equipment expense	274,052	77,023	29,246	380,321	117,426	66,367	11,834	195,627
Occupancy	652,396	3,491	22,376	678,263	464,728	61	23,302	488,091
Transportation and freight	835,443	3,920	5,556	864,919	636,854	2,150	1,540	640,544
Personnel recruitment and development	180,296	85,159	27,704	293,159	106,705	81,931	38,814	227,450
Insurance	124,308	-	-	124,308	113,532	-	-	113,532
Mailings and solicitations	113,425	593	721,109	835,127	298,714	-	386,026	684,740
Food distribution and procurement	44,446,250	-	-	44,446,250	30,404,037	-	-	30,404,037
Interest expense on behalf of I.F.R.A.	-	-	-	-	386,204	-	-	386,204
Other operating expenses	334,551	-	-	334,551	171,194	-	-	171,194
Miscellaneous	189,099	63,095	1,594	253,588	167,160	8,828	33,776	209,764
Depreciation	438,107	2,065	10,785	450,957	347,724	283	-	348,007
Total expenses	\$ 50,218,371	\$ 1,171,562	\$ 1,647,903	\$ 53,037,836	\$ 35,646,961	\$ 767,474	\$ 893,043	\$ 37,307,478

See notes to consolidated financial statements.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,422,869	\$ 861,088
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on exchange	-	(530,071)
Depreciation	450,957	351,510
Unrealized and realized (gain) loss on investments, net	(420,967)	(250,310)
Noncash contributions	-	(194,121)
Changes in assets and liabilities:		
Accounts and other receivables	(101,173)	(18,076)
Other assets	460,310	(474,869)
Prepaid expenses	49,973	(91,002)
Undistributed food and grocery products on hand	(2,012,126)	(341,131)
Accounts payable and accrued expenses	353,236	397,507
Unemployment reserve	(9,884)	8,219
Other liabilities	(32,149)	57,155
Net cash provided by (used in) operating activities	<u>1,161,046</u>	<u>(224,101)</u>
Cash Flows from Investing Activities		
Purchase of investments, net	(60,157)	(57,219)
Purchases of property and equipment	(2,764,149)	(418,186)
Net cash used in investing activities	<u>(2,824,306)</u>	<u>(475,405)</u>
Cash Flows from Financing Activities		
Proceeds from notes	10,207,996	-
Principal payments on notes	(10,276,116)	(44,562)
Net cash used in financing activities	<u>(68,120)</u>	<u>(44,562)</u>
Net decrease in cash	<u>(1,731,380)</u>	<u>(744,068)</u>
Cash		
Beginning of year	<u>4,573,795</u>	<u>5,317,863</u>
End of year	<u>\$ 2,842,415</u>	<u>\$ 4,573,795</u>
Supplemental disclosure for cash flow information		
Cash paid during the year for interest	<u>\$ 334,551</u>	<u>\$ 171,194</u>
Non-Cash Transactions		
Contributed goods and services	<u>\$ 508,688</u>	<u>\$ 373,221</u>

During the year ended June 30, 2010, Second Harvest acquired a warehouse and the related land in exchange for the transfer of ownership of its existing warehouse and related land, and the assumption of debt in the amount of \$5,163,947.

See notes to consolidated financial statements.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

1. Organization and Significant Accounting Policies

Nature of Activities

Second Harvest Food Bank of Greater New Orleans and Acadiana (Second Harvest), a Louisiana non-profit corporation, is a certified member of Feeding America. Its function is to help relieve the problem of hunger in Louisiana through the distribution of food and related products to qualified charitable institutions. Catholic Charities Archdiocese of New Orleans (Catholic Charities) is the sole member of Second Harvest.

Second Harvest 700 Edwards, LLC (Second Harvest LLC) was incorporated as a non-profit limited liability company in accordance with the Delaware Limited Liability Company Act, as amended, on December 29, 2009. Second Harvest is the sole equity member and Catholic Charities is the special member. Second Harvest LLC ceased operations in January 2011.

The consolidated financial statements include the financial statements of Second Harvest and its controlled subsidiary, Second Harvest LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

For the year ended June 30, 2010, Second Harvest entered into a Cooperative Endeavor Agreement with the Louisiana Department of Agriculture & Forestry of the State of Louisiana for the sum of \$500,000. The purpose of the agreement was to purchase 800,000 pounds of nutritional food from Louisiana farmers, manufacturers, wholesalers, and vendors to feed and adequately nourish people throughout the State of Louisiana who are food insecure. The program is titled Louisiana Nutrition Assistance Program (LANIAP). Subcontracts were entered into with Feeding America's certified member Food Banks located in the State of Louisiana (Food Banks) and Second Harvest detailing the amount each food bank was eligible to receive in purchased food products and the reporting requirements each food bank would have to fulfill. The five Food Banks created an association called the Louisiana Food Bank Association, Inc. (LFBA) which was incorporated as a non-profit corporation within the State of Louisiana on May 18, 2007. LFBA designated Second Harvest to serve as its fiscal agent. For the year ended June 30, 2010, 1,340,816 pounds had been purchased for the five Food Banks of the Louisiana Food Bank Association through the LANIAP program. Second Harvest ended its fiscal agent relationship on June 30, 2010.

Basis of Accounting

The consolidated financial statements of Second Harvest are prepared on the accrual basis of accounting.

Basis of Presentation

Second Harvest reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

1. Organization and Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Inventory

Second Harvest's inventory is comprised of donated food and grocery products, U.S.D.A. commodities and purchased food and grocery products. Donated food and U.S.D.A. commodities inventory including food received, distributed and undistributed, is valued using the estimated fair value as determined by the Feeding America Product Valuation Survey prepared by KPMG, LLP on an annual basis. The report provides the average wholesale value of products donated to the network and is considered to be a reasonable basis upon which to estimate these amounts. The average wholesale value used for the years ended June 30, 2011 and 2010, was \$1.66 per pound and \$1.60 per pound, respectively.

U.S.D.A. commodities are valued based on U.S.D.A. regulations. On February 18, 2010, the U.S.D.A. issued a policy memorandum providing updated guidance on assigning value to U.S.D.A. product. The memorandum allowed for the use of fair market value (FMV), U.S.D.A. purchase price, estimated cost-per-pound data provided by U.S.D.A., or U.S.D.A. commodity file cost as of a date specified by the distributing agency. The U.S.D.A. document references a food bank's FMV valuation as an acceptable valuation.

Purchased food inventory is recorded at cost.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, Second Harvest considers all unrestricted, highly liquid, short-term investments, including money market account deposits, commercial paper investments and certificates of deposit purchased with an initial maturity of ninety days or less to be cash equivalents.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

1. Organization and Significant Accounting Policies (continued)

Investments

Second Harvest carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Unrealized gains and losses on investments recorded at fair value are included in the consolidated statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Interest earned on donor-restricted investments is reported based on the existence or absence of donor-imposed restrictions. Realized gains and losses, and declines in value judged to be other than temporary, are included in net appreciation (depreciation) of investments. Realized gains and losses on the sales of securities are determined using the specific-identification method. A decline in the fair value of investments below cost that is deemed to be other than temporary results in a charge to change in net assets and the establishment of a new cost basis for the investment.

Property and Equipment

Second Harvest has adopted the practice of capitalizing all expenditures for depreciable assets where the unit cost exceeds \$2,000. Property is stated at cost, or at fair market value for donated assets. Depreciation of these assets is provided over their estimated useful lives, which range from three years to twenty-five years, on a straight-line basis. Repairs and maintenance costs are expensed.

Net Assets

Net assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

Unrestricted Net Assets - Those net assets whose use is not restricted by donors. As of June 30, 2011 and 2010, the Board of Directors of Second Harvest (the Board) has designated \$2,347,000, of cash and cash equivalents, included in unrestricted net assets, for food purchases and toward a capital campaign to raise funds for a new warehouse.

Temporarily Restricted Net Assets - Those net assets whose use by Second Harvest has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

Permanently Restricted Net Assets - Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

1. Organization and Significant Accounting Policies (continued)

Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restrictions. Other support and/or contributions not restricted are recorded as unrestricted revenue. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. The value of contributed goods and services has been recorded as support and revenue and expense in the period received, provided there is an objective basis for measurement of the value of such goods and services, and they are significant and form an integral part of the efforts of the program.

Contributions receivable are recognized when the donor makes a promise to give to Second Harvest that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. During the year ended June 30, 2010, Second Harvest recognized \$194,121 for donated vehicles. For the year ended June 30, 2011, Second Harvest recognized \$253,688 for donated items such as software, kitchen equipment, and infrastructure implementation.

Donated Services

Support arising from donated services is recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation.

During the year ended June 30, 2011 and 2010, Second Harvest recognized \$255,000 and \$179,100 for donated advertising services. The related advertising costs were expensed as incurred.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

1. Organization and Significant Accounting Policies (continued)

The donated volunteer services in Second Harvest's functional areas approximated 32,467 hours for the year ended June 30, 2011, and 32,914 hours for the year ended June 30, 2010. The services provided for the years ended June 30, 2011 and 2010 do not meet either criterion described above. The computation of the value of these services represents the amount of compensation, which would be paid if non-volunteer personnel were to occupy these positions. The 32,467 hours in 2011 and 32,914 hours in 2010 that do not meet either of the recognition criteria described above have not been recognized in the accompanying consolidated financial statements. The value for donated volunteer services for the years ended June 30, 2011 and 2010 was approximately \$693,500 and \$686,258, respectively.

Income Taxes

Second Harvest is a not-for-profit corporation organized under the laws of the State of Louisiana. They are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualify as organizations that are not private foundations as defined in Section 509(a) of the code.

Generally accepted accounting principles require an organization to account for uncertainties in income taxes. The interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. Second Harvest's tax returns for the years ended June 30, 2010, June 30, 2009, and June 30, 2008 remain open and subject to examination by taxing authorities.

Reclassifications

Certain accounts in the 2010 financial statements have been reclassified to conform to the current year presentation.

2. Grants Receivable

The grants receivable balance as of June 30 consists of the following:

	<u>2011</u>	<u>2010</u>
U.S.D.A. distribution fees	\$ 51,583	\$ 212,579
Emergency Food and Shelter Program	-	59,552
Department of Children and Family Services	-	178,617
Department of Education	150,422	-
	<u>\$ 202,005</u>	<u>\$ 450,748</u>

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

3. Pledges Receivable

Pledges receivable as of June 30 consist of the following:

	2011	2010
Feeding America	\$ 150,000	\$ 141,773
Baptist Community Ministries	60,000	120,000
Junior League of New Orleans	100,000	100,000
Blue Cross Blue Shield of Louisiana	-	51,040
Methodist Health Systems Foundation	125,000	50,000
Share Our Strength	62,500	-
Other	166,273	35,553
Capital Campaign	157,669	-
	<u>\$ 821,442</u>	<u>\$ 498,366</u>

Pledges receivable as of June 30, 2011 are expected to be collected in the following periods:

In less than one year	\$ 704,532
One to five years	116,910
	<u>\$ 821,442</u>

4. Investments

Investments of the various agencies of the Archdiocese of New Orleans (the Archdiocese) are held in pooled assets and separately invested portfolios. Pooled assets represent funds that are invested in a commingled portfolio of investments, as opposed to separately invested assets which have segregated investments. Investments in such pooled assets consist primarily of debt and equity securities and mutual fund investments. The amounts recorded in the consolidated statements of financial position represents Second Harvest's share of the pool.

The following summarizes the market value and the investment return for the years ended June 30:

	2011	2010
Investment balances at June 30,	<u>\$ 2,819,757</u>	<u>\$ 2,338,633</u>
For the year ended June 30,		
Unrealized gain on investments, net	\$ 423,966	\$ 257,288
Realized loss on investments, net	(2,999)	(6,978)
	<u>420,967</u>	<u>250,310</u>
Interest and dividend income	95,075	65,061
Investment income	<u>\$ 516,042</u>	<u>\$ 315,371</u>

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

4. Investments (continued)

The current and long-term value of investments at June 30, 2011, is \$1,610,476 and \$1,209,281 respectively. The current and long-term value of investments at June 30, 2010 is \$1,338,633 and \$1,000,000, respectively.

5. Fair Value of Financial Instruments

U.S. generally accepted accounting principles (GAAP) defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments. GAAP establishes a fair value hierarchy which prioritizes inputs to valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data ("observable inputs") or they may be internally developed ("unobservable inputs"). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad categories. These levels include Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as the quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of the unobservable inputs.

Investments of Second Harvest are held in pooled assets and separately invested portfolios. Second Harvest's investments are in Portfolio A of the pool. The custodian of this portfolio uses independent pricing services, where available, to value the securities included in this portfolio. If an independent pricing service does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodian will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisers, principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

5. Fair Value of Financial Instruments (continued)

More specifically, the custodian uses quoted market prices for valuing government obligations, corporate stocks, and foreign equities which are all classified within Level 1 of the fair value hierarchy. The custodian uses quoted market prices, which represent the net asset value per unit, to value mutual and money market funds, which are also classified within Level 1 of the fair value hierarchy. Fixed income securities included in this portfolio, such as government agency mortgage obligations and corporate and foreign obligations are classified within Level 2 of the fair value hierarchy and are valued based on bid-side quotations or evaluated bids based on internal models used by the custodian's independent pricing service. Other alternative investments are valued at an evaluated price provided by a counterparty or fund manager that may or may not be an affiliate of the Portfolio A custodian.

The following table sets forth by level, within the fair value hierarchy, the Second Harvest's pro-rata interest in the portfolio assets at fair value as of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 85,243	\$ -	\$ -	\$ 85,243
Government obligations	124,474	-	-	124,474
Government agency mortgage obligations	-	139,215	-	139,215
Corporation obligations	-	155,983	-	155,983
Foreign obligations	-	15,258	-	15,258
Collateralized mortgage obligations	-	114,783	-	114,783
Corporate stocks				
Basic materials	10,212	-	-	10,212
Consumer goods	11,307	-	-	11,307
Financial	25,536	-	-	25,536
Healthcare	2,919	-	-	2,919
Industrial goods	10,908	-	-	10,908
Services	17,490	-	-	17,490
Technology	4,906	-	-	4,906
Utilities	4,886	-	-	4,886
Mutual funds				
U.S. large blend	932,309	-	-	932,309
Foreign large blend	398,682	-	-	398,682
Real estate	281,600	-	-	281,600
Bond funds	103,137	-	-	103,137
Exchange traded fund	81,890	-	-	81,890
Siguler Guff Distressed				
Opportunity Fund III, LP	-	-	124,517	124,517
Opportunity Fund IV, LP	-	-	15,706	15,706
Meridian Diversified Fund, Ltd.	-	-	158,996	158,996
	<u>\$ 2,095,299</u>	<u>\$ 425,239</u>	<u>\$ 299,219</u>	<u>\$ 2,819,757</u>

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

5. Fair Value of Financial Instruments (continued)

The following table sets forth by level, within the fair value hierarchy, Second Harvest's pro-rata interest in the portfolio assets at fair value as of June 30, 2010:

	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 137,756	\$ -	\$ -	\$ 137,756
Government obligations	99,415	-	-	99,415
Government agency mortgage obligations	-	229,759	-	229,759
Corporation obligations	-	161,632	-	161,632
Foreign obligations	-	57,605	-	57,605
Corporate stocks - real estate industry	55,885	-	-	55,885
Foreign equities - real estate industry	75,093	-	-	75,093
Mutual funds				
U.S. large blend	775,103	-	-	775,103
Foreign large blend	321,885	-	-	321,885
Real estate	103,495	-	-	103,495
Exchange traded fund	41,066	-	-	41,066
Siguler Guff Distressed				
Opportunity Fund III, L.P.	-	-	122,617	122,617
Meridian Diversified Fund, Ltd.	-	-	157,322	157,322
	<u>\$ 1,609,698</u>	<u>\$ 448,996</u>	<u>\$ 279,939</u>	<u>\$ 2,338,633</u>

The following table sets forth a summary of changes in the fair value of Second Harvest's Level 3 assets for the years ended June 30, 2011 and 2010:

	Siguler Guff Distressed Opportunity Fund III, L.P.	Siguler Guff Distressed Opportunity Fund IV, L.P.	Meridian Diversified Fund, Ltd.	Total
Balance, July 1, 2009	\$ 60,091	\$ -	\$ 131,964	\$ 192,055
Purchases	38,655	-	-	38,655
Unrealized gains	23,872	-	25,357	49,229
Balance, June 30, 2010	122,618	-	157,321	279,939
Net purchases (sales)	(860)	17,075	-	16,215
Unrealized gains (losses)	2,759	(1,369)	1,675	3,065
Balance, June 30, 2011	<u>\$ 124,517</u>	<u>\$ 15,706</u>	<u>\$ 158,996</u>	<u>\$ 299,219</u>

Siguler Guff Distressed Opportunity Fund III, LP seeks to invest in a diversified portfolio of securities of companies undergoing financial distress, operating difficulties or restructuring. As of June 30, 2011, Second Harvest has funded \$101,000 of its \$136,000 allocated portion of the Archdiocese's \$7,000,000 investment commitment. The nature of the investments in this fund is such that distributions are received through liquidation of the underlying assets of the fund. It is estimated that the underlying assets of this fund will be liquidated by December 31, 2018.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

5. Fair Value of Financial Instruments (continued)

Siguler Guff Distressed Opportunity Fund IV, LP seeks to invest in a diversified portfolio of securities of companies undergoing financial distress, operating difficulties or restructuring. As of June 30, 2011, Second Harvest has funded \$17,000 of its \$78,000 allocated portion of the Archdiocese's \$4,000,000 investment commitment. The nature of the investments in this fund is such that distributions are received through liquidation of the underlying assets of the fund. It is estimated that the underlying assets of this fund will be liquidated by April 11, 2023.

Meridian Diversified Fund, Ltd engages principally in a diversified investment strategy utilizing a multi-manager approach to invest in securities. There are no unfunded commitments related to this investment. As of June 30, 2011, all shares of this fund were owned for more than one year. Accordingly, the Archdiocese may make redemptions either quarterly or semi-annually with between 45 and 75 days prior written notice.

6. Inventory

Undistributed food and grocery products at June 30 consist of the following:

	2011		2010	
	Dollars \$	Pounds	Dollars \$	Pounds
Donated and purchased	\$ 3,295,073	1,990,143	\$ 1,714,464	1,073,100
U.S.D.A commodities	1,020,853	614,971	589,336	368,335
	<u>\$ 4,315,926</u>	<u>2,605,114</u>	<u>\$ 2,303,800</u>	<u>1,441,435</u>

7. Second Harvest Food and Grocery Products Received and Distributed

Second Harvest receipts and distribution of food and grocery products for the years ended June 30 were as follows:

	2011		2010	
	Dollars	Pounds	Dollars	Pounds
Receipts:				
Donated product	\$ 33,404,837	20,123,396	\$ 18,839,145	11,774,466
Purchased product	918,679	630,759	296,066	355,392
U.S.D.A. commodities	12,196,349	7,347,198	11,608,067	7,255,042
LANIAP Purchased product	-	-	142,984	409,405
Totals	<u>\$ 46,519,865</u>	<u>28,101,353</u>	<u>\$ 30,886,262</u>	<u>19,794,305</u>
Distributions, net of adjustments:				
Donated product	\$ 31,825,509	19,210,379	\$ 18,449,548	11,612,181
Purchased product	917,398	626,733	292,129	354,961
U.S.D.A. commodities	11,764,832	7,100,562	11,491,990	7,510,935
LANIAP Purchased product	-	-	311,464	778,676
Totals	<u>\$ 44,507,739</u>	<u>26,937,674</u>	<u>\$ 30,545,131</u>	<u>20,256,753</u>

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

7. Second Harvest Food and Grocery Products Received and Distributed (continued)

During the year ended June 30, 2010, Second Harvest purchased \$386,204 of food and grocery products on behalf of the Louisiana Food Bank Association. As described in Note 1, Second Harvest ended its fiscal agent relationship on June 30, 2010.

8. Property and Equipment

A summary of property and equipment at June 30 is as follows:

	<u>2011</u>	<u>2010</u>
Building and improvements	\$ 6,890,753	\$ 5,129,794
Furniture, fixtures and equipment	1,119,491	880,617
Vehicles	1,282,575	1,172,354
Land	1,960,000	1,960,000
Leaschold improvements	36,549	36,549
Construction in progress	712,181	60,382
	<u>12,001,549</u>	<u>9,239,696</u>
Less: accumulated depreciation	<u>(1,637,781)</u>	<u>(1,189,120)</u>
	<u>\$ 10,363,768</u>	<u>\$ 8,050,576</u>

9. Restrictions on Net Assets

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of Second Harvest. These restrictions are considered to expire when expenditures for restricted purposes are made.

Temporarily restricted net assets at June 30 are restricted as follows:

	<u>2011</u>	<u>2010</u>
Feeding America grant	\$ 150,000	\$ 14,876
Other private grants	442,671	1,366,458
United Way grants	202,650	139,950
Backpack grants	142,000	168,570
Capital Campaign	-	1,133,960
	<u>\$ 937,321</u>	<u>\$ 2,823,814</u>

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

9. Restrictions on Net Assets (continued)

The following temporarily restricted net assets were released during the years ended June 30, due to satisfaction of donor restrictions:

	2011	2010
Feeding America grant	\$ 14,876	\$ 42,504
Other private grants	1,226,424	136,452
United Way grants	149,151	130,750
Backpack grants	158,570	187,264
Capital Campaign	1,134,760	73,412
Property and equipment	-	360,552
Totals	<u>\$ 2,683,781</u>	<u>\$ 930,934</u>

Permanently restricted net assets consist of endowment fund assets (Note 10) to be held indefinitely.

10. Endowment

The Board of Second Harvest is of the belief that they have a strong fiduciary duty to manage the assets of Second Harvest's endowments in the most prudent manner possible. The Board recognizes that the intent of the endowment is to protect the donor with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. If not expressed, the Board ensures the assets of the endowment are spent in a prudent manner which considers the purpose of the fund, current economic conditions, and preservation of the fund. To follow these principles, the historic value of the fund is always maintained in permanently restricted net assets. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in unrestricted net assets. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. During fiscal year ended June 30, 2000, the donor amended the "Agreement to Donate" dated August 26, 1997, which revised the method of distributing the earnings to Second Harvest, whereby five percent of the average market value of the investment for the last 12 fiscal quarters is allowed to be distributed annually to Second Harvest. All amounts in excess of the five percent distribution are to be reinvested as corpus. The amended "Agreement to Donate" also required that the principal balance should never be reduced below \$1,000,000.

The amount deemed to be permanently restricted at June 30, 2011 and 2010 is \$1,209,281 and \$1,000,000, respectively.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

10. Endowment (continued)

Endowment Investment and Spending Policies. Second Harvest has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The endowment's assets are invested in the Archdiocese of New Orleans' investment pool, as previously described. Second Harvest's spending and investment policies work together to achieve this objective. Spending is approved by the Board, based on the needs of Second Harvest.

Changes in the endowment for the year ended June 30, 2011 are as follows:

	Unrestricted	Permanently Restricted	Total
Endowment net assets,			
Beginning of year	\$ 368,918	\$ 1,000,000	\$ 1,368,918
Net realized and unrealized gains	72,349	218,219	290,568
Fees	(3,297)	(8,938)	(12,235)
Endowment net assets,			
End of year	<u>\$ 437,970</u>	<u>\$ 1,209,281</u>	<u>\$ 1,647,251</u>

Changes in the endowment for the year ended June 30, 2010 are as follows:

	Unrestricted	Permanently Restricted	Total
Endowment net assets,			
Beginning of year	\$ 191,391	\$ 1,000,000	\$ 1,191,391
Net realized and unrealized gains	28,583	148,944	177,527
Subtotal	219,974	1,148,944	1,368,918
Transfer	148,944	(148,944)	-
Endowment net assets,			
End of year	<u>\$ 368,918</u>	<u>\$ 1,000,000</u>	<u>\$ 1,368,918</u>

11. Notes Payable

On December 30, 2009, Second Harvest LLC entered into an agreement to exchange property that had been previously contributed to it by Second Harvest (parent). The property acquired by Second Harvest LLC includes a warehouse and land. As part of the agreement, Second Harvest LLC assumed the mortgage. The assumed note totaled \$5,163,947 at a rate of 7.625%. As of June 30, 2010, the balance was \$5,119,385. Second Harvest acquired property valued at approximately \$7.0 million with the related mortgage payable of approximately \$5.2 in exchange for property with a net book value of approximately \$1.3 million, resulting in a gain of \$530,071, which was recognized in the consolidated statements of activities. The debt matured on January 5, 2011.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

11. Notes Payable (continued)

On January 5, 2011, Second Harvest signed a promissory note with the Archdiocese to borrow \$5,107,996 at a rate of 4.2%. The proceeds were used to pay off the mortgage described above. The note was repaid on January 21, 2011 with proceeds of a mortgage loan as described in the following paragraph.

On January 21, 2011, Second Harvest entered into a mortgage loan agreement with original principal of \$5,100,000. The loan is payable in monthly principal and interest amounts of \$31,703 at an interest rate of 4.22% beginning March 2011 through January 2016 with all remaining principal and interest due February 2016. The loan is collateralized by land and building and improvements. The loan balance at June 30, 2011 is \$5,051,265. Future payments to amortize the loan are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 167,581	\$ 212,858	\$ 380,439
2013	174,894	205,546	380,440
2014	182,525	197,914	380,439
2015	190,489	189,949	380,438
2016	4,335,776	122,037	4,457,813
	<u>\$ 5,051,265</u>	<u>\$ 928,304</u>	<u>\$ 5,979,569</u>

12. Retirement Plan

Second Harvest offers a 401(k) defined contribution plan to its employees. Employees electing to participate in the plan are required to contribute a minimum of 3% of their salaries, and may elect to contribute up to a 16% maximum. The plan requires Second Harvest to contribute 3.5% of the participants' salaries. The plan administrator is the Archdiocese. Second Harvest contributed \$85,710 and \$56,437, for the years ended June 30, 2011 and 2010, respectively.

13. Leases

Second Harvest as Lessee

Second Harvest operates a portion of its community social service programs in a leased facility under an operating lease expiring in fiscal year 2012. The lease is subject to cancellation under certain circumstances, including substantial changes in funding in Second Harvest's programs. The future minimum rental payments required under the lease total \$57,978 for the year ended June 30, 2012.

The rental expense for all operating leases for the years ended June 30, 2011 and 2010 was approximately \$420,000 and \$517,000, respectively.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

13. Leases (continued)

Second Harvest as Lessor

Second Harvest has a twelve month lease with a tenant with monthly rent of \$33,750 for approximately 85,000 square feet of dry warehouse space. This lease expires in May 2012. The lessee has the option of extending the lease for four additional one year renewals.

14. Significant Contracts and Grants

For the years ended June 30, 2011 and 2010, \$12,874,350 and \$12,555,596, respectively, of Second Harvest's governmental financial assistance was from the U.S. Department of Agriculture. Management believes that Second Harvest is in compliance with the provisions of these contracts and grants and that the findings of an audit, if any, would not have a material impact on the consolidated financial statements.

As described in Note 1, Second Harvest entered into a Cooperative Endeavor Agreement with the Louisiana Department of Agriculture & Forestry on September 29, 2009 for the year ended June 30, 2010. Food purchased under the agreement during the year ended June 30 is as follows:

	2010	
	Dollars	Pounds
Second Harvest	\$ 95,948	291,650
Greater Baton Rouge Food Bank	96,619	248,550
Central Louisiana Food Bank	97,518	247,626
Food Bank of Northwest Louisiana	95,064	332,472
Food Bank of Northeast Louisiana	97,003	220,518
Totals	\$ 482,152	1,340,816

15. Commitments and Contingencies

Second Harvest is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2011.

16. Concentrations of Credit Risk

As of June 30, 2011 and 2010, Second Harvest had bank accounts at one financial institution which exceeded the limit insured by the Federal Deposit Insurance Corporation (FDIC) by approximately \$1,620,000 and \$4,301,000, respectively.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

17. Board of Directors Compensation

The members of Second Harvest's Board were not compensated during the years ended June 30, 2011 and 2010.

18. Related Party Transactions

The Archdiocese, through the operations of the Administrative Offices, serves as a conduit in providing insurance coverage to Second Harvest. The Administrative Office assesses premiums to Second Harvest based on relevant factors for each type of coverage. In the normal course of operations, the Archdiocese will make available to Second Harvest specific assistance in the form of internet services. Second Harvest is assessed separately for this assistance.

Second Harvest paid the Archdiocese \$144,042 and \$117,879 for general liability, property coverage, workmen's compensation and vehicle insurances and \$15,160 and \$14,364 for internet services secured on its behalf for the years ended June 30, 2011 and 2010, respectively. Certain accounting and administrative services are provided to Second Harvest by Catholic Charities, including human resources, payroll, and information technology. Second Harvest paid Catholic Charities \$38,174 and \$53,792 for these services for the years ended June 30, 2011 and 2010, respectively.

As described in Note 11, on January 5, 2011, Second Harvest signed a promissory note with the Archdiocese to borrow \$5,107,996 at a rate of 4.2%. The proceeds were used to pay off a mortgage loan. The promissory note, including interest of \$9,404, was repaid in full on January 21, 2011 with proceeds of a new mortgage loan.

19. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 5, 2011, and determined that the following event occurred that require disclosure.

The Second Harvest Articles of Incorporation were amended and recorded in the Office of the Secretary of State for the State of Louisiana on July 29, 2011. Specifically, Article VI was amended, changing the sole member of the corporation from Catholic Charities Archdiocese of New Orleans to the Archbishop or Administrator of the Archdiocese of New Orleans.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011

ASSETS

	<u>Second Harvest</u>	<u>LANIAP</u>	<u>Eliminations</u>	<u>Totals</u>
Current assets:				
Cash and cash equivalents	\$ 2,842,415	\$ -	\$ -	\$ 2,842,415
Contributions receivable:				
Pledges	704,532	-	-	704,532
United Way	207,277	-	-	207,277
Grants receivable	202,005	-	-	202,005
Other receivables	41,170	-	-	41,170
Prepaid expenses	67,747	-	-	67,747
Investments	1,610,476	-	-	1,610,476
Inventory	4,315,926	-	-	4,315,926
Total current assets	9,991,548	-	-	9,991,548
Pledges receivable, noncurrent	116,910	-	-	116,910
Property and equipment - net	10,363,768	-	-	10,363,768
Investments, permanently restricted	1,209,281	-	-	1,209,281
Other assets	48,105	-	-	48,105
Total assets	<u>\$ 21,729,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,729,612</u>

LIABILITIES AND NET ASSETS

Current liabilities:				
Accounts payable and accrued expenses	\$ 985,119	\$ -	\$ -	\$ 985,119
Unemployment accrual	10,612	-	-	10,612
Lease deposits	25,006	-	-	25,006
Note payable, current	167,581	-	-	167,581
Total current liabilities	1,188,318	-	-	1,188,318
Non-current liabilities:				
Note payable, long-term	4,883,684	-	-	4,883,684
Total liabilities	6,072,002	-	-	6,072,002
Net assets:				
Unrestricted	13,511,008	-	-	13,511,008
Temporarily restricted	937,321	-	-	937,321
Permanently restricted	1,209,281	-	-	1,209,281
Total net assets	15,657,610	-	-	15,657,610
Total liabilities and net assets	<u>\$ 21,729,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,729,612</u>

See accompanying independent auditors' report.

(continued)

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010

ASSETS

	Second Harvest without LANIAP	LANIAP	Second Harvest LLC	Eliminations	Totals
Current assets:					
Cash and cash equivalents	\$ 4,546,111	\$ 512	\$ 27,172	\$ -	\$ 4,573,795
Unconditional promises to give:					
Pledges	498,366	-	-	-	498,366
United Way	165,442	-	-	-	165,442
Grants receivable	450,748	-	-	-	450,748
Other receivables	55,979	-	186	-	56,165
Prepaid expenses	66,128	-	51,592	-	117,720
Investments	1,338,635	-	-	-	1,338,635
Inventory	2,303,800	-	-	-	2,303,800
Total current assets	9,425,207	512	78,950	-	9,504,669
Property and equipment - net	1,089,402	-	6,961,174	-	8,050,576
Investments, permanently restricted	1,000,000	-	-	-	1,000,000
Other assets	29,755	-	478,660	-	508,415
Investment in Second Harvest LLC	1,959,493	-	-	(1,959,493)	-
Due from Second Harvest LLC	407,756	-	-	(407,756)	-
Total assets	\$ 13,911,613	\$ 512	\$ 7,518,784	\$ (2,367,249)	\$ 19,063,660

LIABILITIES AND NET ASSETS

Current liabilities:					
Accounts payable and accrued expenses	\$ 631,883	\$ -	\$ -	\$ -	\$ 631,883
Unemployment accrual	20,496	-	-	-	20,496
Lease deposits	25,005	-	-	-	25,005
Deferred rent	-	-	32,150	-	32,150
Berkadia mortgage	-	-	5,119,385	-	5,119,385
Due to Second Harvest Food Bank	-	-	407,756	(407,756)	-
Total current liabilities	677,384	-	5,559,291	(407,756)	5,828,919
Net assets:					
Unrestricted	9,410,415	512	1,959,493	(1,959,493)	9,410,927
Temporarily restricted	2,823,814	-	-	-	2,823,814
Permanently restricted	1,000,000	-	-	-	1,000,000
Total net assets	13,234,229	512	1,959,493	(1,959,493)	13,234,741
Total liabilities and net assets	\$ 13,911,613	\$ 512	\$ 7,518,784	\$ (2,367,249)	\$ 19,063,660

**SECOND HARVEST FUND BANK OF GREATER NEW ORLEANS AND ACADIANA
CONSOLIDATING STATEMENTS OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2011

	Second Harvest without LARAF		LANIM		Second Harvest LLC*		Elimination		Total		Elimination		Total		Total	
	Unexpended	Temporarily Reimbursed	Temporarily Reimbursed	Permanently Reimbursed	Unexpended	Temporarily Reimbursed	Unexpended	Temporarily Reimbursed	Unexpended	Temporarily Reimbursed	Unexpended	Temporarily Reimbursed	Unexpended	Temporarily Reimbursed	Unexpended	Temporarily Reimbursed
Revenues:																
Public support:																
Contributions, donations and grants:	\$ 4,516,179	\$ 598,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donations of food, grocery and other																
products from producers and brokers	33,904,837	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated goods and services	508,688	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greater New Orleans:																
Allocations	-	79,403	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Designations	53,751	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civilian Federal Campaign	41,702	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Academics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocations	32,337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
St. Charles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocations	-	100,659	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialty fees (net of direct costs of \$364,373)	133,246	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total public support	18,265,770	777,243	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial financial activities:																
Fees and grant flow governmental agencies	234,646	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
U.S.D.A. commodities	12,196,349	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
U.S.D.A. administration	578,001	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-federal grants	1,278,373	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total commercial financial activities	14,287,469	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenues																
Program generated	179,310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	302,849	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	207,050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	649,286	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries in Second Harvest LLC	297,236	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from revolving fund	2,652,781	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other revenues	4,289,432	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	37,057,632	(1,856,423)	309,281	209,281	-	-	-	-	477,332	477,332	-	-	477,332	477,332	(1,856,423)	209,281
Expenses:																
Program services	30,081,076	-	-	-	-	-	-	-	438,126	438,126	-	-	438,126	438,126	-	-
Management and general	1,671,090	-	-	-	-	-	-	-	512	512	-	-	512	512	-	-
Publicizing	1,641,801	-	-	-	-	-	-	-	512	512	-	-	512	512	-	-
Total expenses	32,394,067	-	-	-	-	-	-	-	960	960	-	-	960	960	-	-
Change in net assets																
Net Assets	4,106,573	(1,856,423)	309,281	209,281	-	-	-	-	438,126	438,126	-	-	438,126	438,126	-	-
Beginning of year	8,810,415	2,823,814	1,600,000	1,234,227	-	-	-	-	512	512	-	-	512	512	-	-
Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
End of year	\$ 13,511,803	\$ 927,411	\$ 1,234,227	\$ 1,234,227	\$ -	\$ -	\$ -	\$ -	\$ 960	\$ 960	\$ -	\$ -	\$ 960	\$ 960	\$ -	\$ -

* Second Harvest LLC consolidated into Second Harvest on January 11, 2011. These columns represent activity from July 1, 2010 through January 11, 2011.

See accompanying independent auditor's report.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

	Second Harvest without LAZARUS			LAZARUS		Second Harvest LLC		Eliminations		Totals	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Total	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues											
Public support:											
Contributions, donations and grants	\$ 3,003,937	\$ 379,236	\$ -	\$ 3,383,173	\$ 19,017	\$ 19,017	\$ -	\$ (74,100)	\$ 5,497,614	\$ 379,236	\$ 5,876,850
Donations of food, property and other products from producers and brokers	19,053,266	-	-	19,053,266	-	-	-	-	19,053,266	-	19,053,266
Contributed goods and services	179,100	-	-	179,100	-	-	-	-	179,100	-	179,100
Interest	-	-	-	-	-	-	-	-	-	-	-
Grants:											
Gravel New Orleans:											
Allocations	-	77,000	-	77,000	-	-	-	-	77,000	-	77,000
Dispositions	61,712	-	-	61,712	-	-	-	-	61,712	-	61,712
Contributed services (Carnegie)	21,219	-	-	21,219	-	-	-	-	21,219	-	21,219
Academics:											
Allocations	30,000	-	-	30,000	-	-	-	-	30,000	-	30,000
Allocations:											
Allocations	67,950	-	-	67,950	-	-	-	-	67,950	-	67,950
Special events (net of direct costs of \$164,000)	38,525	-	-	38,525	-	-	-	-	38,525	-	38,525
Total public support	27,853,837	519,196	-	28,373,033	19,017	19,017	-	124,100	22,882,514	379,236	23,261,750
Governmental financial assistance:											
Fees and grants from federal agencies	740,210	-	-	740,210	-	-	-	-	740,210	-	740,210
U.S.D.A. commodities	11,408,657	-	-	11,408,657	-	-	-	-	11,408,657	-	11,408,657
U.S.D.A. administration	947,230	-	-	947,230	-	-	-	-	947,230	-	947,230
Other non-federal grants	178,613	-	-	178,613	-	-	-	-	178,613	-	178,613
Total governmental financial assistance	12,274,509	-	-	12,274,509	-	-	-	-	12,274,509	-	12,274,509
Other Revenues:											
Program sponsored	23,724	-	-	23,724	15,105	15,105	-	-	15,105	-	15,105
Investment income (loss)	314,782	-	-	314,782	309	309	-	-	315,091	-	315,371
Rental income	-	-	-	-	101,244	101,244	-	-	246,812	-	246,812
Other on exchange	-	-	-	-	140,971	140,971	-	-	538,078	-	538,078
Other	294,735	-	-	294,735	-	-	-	-	246,735	-	246,735
Net assets released from restrictions - operations	657,511	-	-	657,511	-	-	-	-	419,511	-	419,511
Net assets released from restrictions - operations	920,818	638,919	-	1,559,737	15,431	15,431	-	-	935,942	638,919	1,574,861
Total other revenues	2,207,856	638,919	-	2,846,775	31,535	31,535	-	-	2,346,772	638,919	2,985,691
Total revenue	39,048,659	1,158,115	-	40,206,774	50,552	50,552	-	-	25,229,286	1,018,155	26,247,441
Expenses											
Program services	33,114,961	-	-	33,114,961	194,896	194,896	-	-	33,309,857	-	33,309,857
Management and general	794,641	-	-	794,641	12,832	12,832	-	-	807,473	-	807,473
Fundraising	893,043	-	-	893,043	893,043	893,043	-	-	1,786,086	-	1,786,086
Total expenses	34,802,645	-	-	34,802,645	900,771	900,771	-	-	35,708,926	-	35,708,926
Change in net assets	1,246,014	641,747	-	1,887,761	15,431	15,431	-	-	1,542,760	641,747	2,184,507
Net Assets:											
Beginning of year	6,124,403	3,435,563	-	9,559,966	1,000,000	1,000,000	-	-	8,559,966	3,435,563	12,000,000
End of year	\$ 7,370,417	\$ 4,077,310	\$ -	\$ 11,447,727	\$ 1,015,431	\$ 1,015,431	\$ -	\$ -	\$ 10,572,726	\$ 4,077,310	\$ 14,650,036

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDING JUNE 30, 2011

	Second Harvest without LANAP			LANAP		Second Harvest LLC*		Pharmcare		Management and		Total
	Program Services	Management and General	Fundraising	Total	General	Program Services	Total	Program Services	Program Services	General	Fundraising	
Salaries	\$ 1,878,362	\$ 601,103	\$ 308,233	\$ 2,787,698	\$ -	\$ -	\$ -	\$ -	\$ 1,878,362	\$ 601,103	\$ -	\$ 2,974,110
Employee benefits	360,949	119,480	77,431	557,860	-	-	-	-	360,949	119,480	-	592,460
Payroll taxes	182,739	45,981	36,953	265,673	-	-	-	-	182,739	45,981	-	233,718
Total salaries and related expenses	2,322,050	766,564	422,617	3,511,231	-	-	-	-	2,322,050	766,564	-	3,794,615
Professional fees and contract services	124,032	160,895	184,883	469,810	-	-	210	-	124,032	160,895	184,883	470,120
Supplies	160,719	9,657	36,021	206,397	-	-	-	-	160,719	9,657	-	170,376
Equipment expense	375,075	73,023	29,346	477,444	-	-	-	-	375,075	73,023	-	448,098
Occupancy	935,917	1,891	22,376	960,184	-	-	-	628,310	935,917	1,891	628,310	1,566,008
Transportation and freight	855,843	3,009	5,335	864,187	-	-	-	-	855,843	3,009	-	858,852
Personnel activities and development	140,296	80,159	27,754	248,209	-	-	-	-	140,296	80,159	-	220,455
Utilities	78,787	-	-	78,787	-	-	33,211	-	78,787	-	33,211	111,998
Marketing and public relations	113,435	279	721,129	834,843	-	-	-	-	113,435	279	-	113,714
Food distribution and procurement	44,446,710	-	-	44,446,710	-	-	-	-	44,446,710	-	-	44,446,710
Interest expense on mortgage	102,525	-	-	102,525	-	-	231,026	-	102,525	-	231,026	333,551
Other operating expenses	188,230	92,182	1,184	281,596	512	-	25,178	-	188,230	92,182	25,178	295,590
Depreciation	306,917	2,865	30,735	340,517	-	-	131,190	-	306,917	2,865	131,190	440,972
Total expenses	\$ 29,983,976	\$ 1,171,839	\$ 1,647,601	\$ 32,803,416	\$ 512	\$ -	\$ 438,126	\$ -	\$ 29,983,976	\$ 1,171,839	\$ 1,647,601	\$ 32,803,416

* Second Harvest LLC consolidated into Second Harvest on January 11, 2011. These columns represent activity from July 1, 2010 through January 11, 2011.

See accompanying independent auditors' report.

(continued)

SECOND MARYLAND BANK OF GREAT NEW ORLEANS AND ACADIANA
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

	Second MARYLAND BANK OF GREAT NEW ORLEANS AND ACADIANA			LANAP			Second MARYLAND BANK OF GREAT NEW ORLEANS AND ACADIANA			LANAP			Eliminations			Total		
	Program Services	Management and General	Fund raising	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries	\$ 1,781,108	\$ 356,089	\$ 281,817	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014	\$ 2,419,014
Employee benefits	262,980	67,447	35,602	365,029	365,029	365,029	365,029	365,029	365,029	365,029	365,029	365,029	365,029	365,029	365,029	365,029	365,029	365,029
Physical plant	320,601	80,722	27,238	428,561	428,561	428,561	428,561	428,561	428,561	428,561	428,561	428,561	428,561	428,561	428,561	428,561	428,561	428,561
Total salaries and related expenses	2,364,689	484,258	344,657	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504	3,193,504
Professional fees and contract services	143,241	140,889	26,347	310,477	310,477	310,477	310,477	310,477	310,477	310,477	310,477	310,477	310,477	310,477	310,477	310,477	310,477	310,477
Supplies	115,449	9,611	24,367	149,427	149,427	149,427	149,427	149,427	149,427	149,427	149,427	149,427	149,427	149,427	149,427	149,427	149,427	149,427
Computer fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment expense	117,216	66,367	11,834	195,417	195,417	195,417	195,417	195,417	195,417	195,417	195,417	195,417	195,417	195,417	195,417	195,417	195,417	195,417
Occupancy	723,150	61	23,302	746,513	746,513	746,513	746,513	746,513	746,513	746,513	746,513	746,513	746,513	746,513	746,513	746,513	746,513	746,513
Telcom and transportation	635,068	2,150	1,540	638,758	638,758	638,758	638,758	638,758	638,758	638,758	638,758	638,758	638,758	638,758	638,758	638,758	638,758	638,758
Personnel recruitment and development	106,630	81,931	38,814	227,375	227,375	227,375	227,375	227,375	227,375	227,375	227,375	227,375	227,375	227,375	227,375	227,375	227,375	227,375
Insurance	44,656	-	-	44,656	44,656	44,656	44,656	44,656	44,656	44,656	44,656	44,656	44,656	44,656	44,656	44,656	44,656	44,656
Amalgam and sedentation	298,714	-	236,026	534,740	534,740	534,740	534,740	534,740	534,740	534,740	534,740	534,740	534,740	534,740	534,740	534,740	534,740	534,740
Fraud prevention in member agencies	393,400,017	-	-	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017	393,400,017
Fraud prevention on behalf of LFBIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense on overnight	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating expenses	144,007	8,028	23,776	175,811	175,811	175,811	175,811	175,811	175,811	175,811	175,811	175,811	175,811	175,811	175,811	175,811	175,811	175,811
Depreciation	218,104	1,446	7,350	226,800	226,800	226,800	226,800	226,800	226,800	226,800	226,800	226,800	226,800	226,800	226,800	226,800	226,800	226,800
Total expenses	\$ 3,254,951	\$ 754,641	\$ 499,843	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435	\$ 4,509,435

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA
SCHEDULE OF SUPPORT REVENUE AND EXPENSES PREPARED
FOR THE UNITED WAY FOR THE GREATER NEW ORLEANS AREA**

**FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

FUNCTIONAL BUDGET SPREADSHEET		AGENCY TOTAL (SUM 2 + 3)		ADMINISTRATION FINANCING (Sum 4 to 7)		TOTAL PROGRAM SERVICES (Sum 8 to 11)		PROGRAM SERVICES		FORM 1	
		1	2	3	4	5	6	7	8	9	10
REVENUES (For United Way request, indicate Good Areas)											
1	4201 CLIENT GENERATED SELF SUPPORT	\$ 39,231,015	\$	\$ 39,231,015	\$	\$ 39,231,015	\$	\$	\$	\$	\$
2	5000 GOVERNMENT GRANTS/CONTRACTS	14,387,409				14,387,409					
3	4800 OTHER FOUNDATIONS OR NATIONAL GRANTS										
4	6700 OTHER REVENUE	1,515,218				1,515,218					
5	TOTAL SELF GENERATED REVENUE	55,133,642				55,133,642					
6	4702 UNITED WAY DESIGNATIONS	53,251				53,251					
7	4703 CFC DESIGNATIONS	41,702				41,702					
8	4704 OTHER UNITED WAY GRANTS	231,610				231,610					
9	TOTAL REVENUE	55,460,705				55,460,705					
10	4701 UNITED WAY GPO REQUEST										
11	GRAND TOTAL REVENUE	\$ 55,460,705				\$ 55,460,705					
EXPENSES:											
12	7000 SALARIES	2,978,188	\$	\$ 1,104,426	\$	\$ 1,873,762	\$	\$ 1,873,762	\$	\$	\$
13	7100 BENEFITS	502,860		196,911		305,949		305,949			
14	7200 TAXES	223,746		83,049		142,739		142,739			
15	8400 OCCUPANCY EXPENSES	678,263		25,867		652,396		652,396			
16	8700 TRAVEL & TRANSPORTATION EXP.	864,919		9,476		855,443		855,443			
17	8100 OFFICE SUPPLIES	199,437		38,683		160,752		160,752			
18	8600 PRINTING	833,127		731,702		111,425		111,425			
19	8900 DIRECT ASSISTANCE TO INDIVIDUALS	44,446,230				44,446,230		44,446,230			
20	9400 OTHER	2,306,492		641,837		1,664,655		1,664,655			
21	GRAND TOTAL EXPENSES	\$ 53,931,324		\$ 2,818,933		\$ 50,218,371		\$ 50,218,371			
22	NET DIFFERENCE	\$ 2,423,381		\$ (2,818,933)		\$ 5,242,334		\$ 5,242,334			
EXPENSES ANALYSIS:											
23-Total Direct Program Expenses		\$ 50,218,371		\$ 50,218,371		\$ 50,218,371		\$ 50,218,371		\$ 50,218,371	0.00%
24-Percent of Total Program Expenses		100.00%		100.00%		100.00%		100.00%		100.00%	0.00%
25-Distribution of M & G Expenses		\$ 2,818,933		\$ 2,818,933		\$ 2,818,933		\$ 2,818,933		\$ 2,818,933	-
26-Grand Total Program Expenses		\$ 53,931,324		\$ 53,931,324		\$ 53,931,324		\$ 53,931,324		\$ 53,931,324	-
27-Projected Unfilled People Served		767,800		767,800		767,800		767,800		767,800	-
28-Cost per Person		\$ 292		\$ 292		\$ 292		\$ 292		\$ 292	-

See accompanying independent auditors' report.

**SECOND HARVEST FOOD BANK OF GREATER
NEW ORLEANS AND ACADIANA**

SINGLE AUDIT REPORT

JUNE 30, 2011



Postlethwaite
& Netterville

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SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2011

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors, Catholic Charities Archdiocese of New Orleans, and
Board of Directors, Second Harvest Food Bank of Greater New Orleans and Acadiana

We have audited the consolidated financial statements of Second Harvest Food Bank of Greater New Orleans and Acadiana (a nonprofit organization) (Second Harvest) as of and for the year ended June 30, 2011 and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Second Harvest is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Second Harvest's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Second Harvest's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Second Harvest's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Second Harvest's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, Second Harvest's management, and the State of Louisiana Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & McHale

Metairie, Louisiana
December 5, 2011



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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Directors, Catholic Charities Archdiocese of New Orleans, and
Board of Directors, Second Harvest Food Bank of Greater New Orleans and Acadiana

Compliance

We have audited the compliance of Second Harvest Food Bank of Greater New Orleans and Acadiana (a nonprofit organization) (Second Harvest), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Second Harvest's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Second Harvest's management. Our responsibility is to express an opinion on Second Harvest's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Second Harvest's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Second Harvest's compliance with those requirements.

In our opinion, Second Harvest complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of Second Harvest is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Second Harvest's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Second Harvest's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Second Harvest as of and for the year ended June 30, 2011, and have issued our report thereon dated December 5, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board, Second Harvest's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & McHalla

Metairie, Louisiana
December 5, 2011

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

<u>Federal Grantor / Pass-Through Agency / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Pass-through programs from:		
Louisiana Department of Agriculture and Forestry		
Emergency Food Assistance Program (Administrative Costs)	10.568	\$ 630,908
Emergency Food Assistance Program (Commodities)	10.569	12,196,349
Emergency Food Assistance Program (Administrative Costs) - ARRA	10.568	47,093
<u>U.S. Department of Education</u>		
Pass-through program from:		
Summer Food Service Program	10.555	176,107
<u>U.S. Department of Homeland Security</u>		
Pass-through program from:		
United Way of Greater New Orleans		
Emergency Food & Shelter National Board Program - ARRA	97.024	<u>58,579</u>
Total Federal Awards		<u>\$ 13,109,036</u>

See accompanying notes to the schedule of expenditures of federal awards.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

1. **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Second Harvest Food Bank of Greater New Orleans and Acadiana (Second Harvest). Second Harvest's reporting entity is defined in Note 1 to the consolidated financial statements for the year ended June 30, 2011. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

2. **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to Second Harvest's consolidated financial statements for the year ended June 30, 2011.

3. **Relationship to Consolidated Financial Statements**

Federal revenues of \$13,109,036 are reported on the consolidated Statement of Activities as unrestricted fees and grants from federal agencies of \$234,686, U.S.D.A. commodities of \$12,196,349, and U.S.D.A administration of \$678,001.

4. **Food Distribution**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

(1) Summary of Auditors' Results

Financial Statements

The type of report issued on the financial statements: unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? no

Noncompliance material to the financial statements noted? no

Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: unqualified opinion

Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133? no

Major programs:

United States Department of Agriculture:

Passed through Louisiana Department of Agriculture and Forestry

Emergency Food Assistance Program (Administrative Costs)	10.568
Emergency Food Assistance Program (Administrative Costs) - ARRA	10.568
Emergency Food Assistance Program (Commodities)	10.569

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

Schedule of Findings and Questioned Costs, Continued

Year ended June 30, 2011

(1) Summary of Auditors' Results, continued

Dollar threshold used to distinguish between Type A and Type B programs: \$393,271

Auditee qualified as a low-risk auditee under Section 530 of
OMB Circular A-133:

yes

**(2) Findings Relating to the Financial Statements Reported in Accordance
with *Government Auditing Standards*:**

none

(3) Findings and Questioned Costs relating to Federal Awards:

none

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

Summary Schedule of Prior Audit Findings

Year ended June 30, 2011

There were no audit findings in the prior year.